

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6985

BILL NUMBER: HB 1270

NOTE PREPARED: Feb 24, 2012

BILL AMENDED: Feb 23, 2012

SUBJECT: Higher Education.

FIRST AUTHOR: Rep. Clere

FIRST SPONSOR: Sen. Kruse

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Revised) This bill abolishes the State Student Assistance Commission (SSAC). The bill abolishes the Commission on Proprietary Education (COPE). It requires the Commission for Higher Education (CHE) to administer the functions formerly administered by SSAC.

The bill establishes the Board for Proprietary Education (BPE). It permits the BPE to adopt reasonable rules. The bill also specifies that the BPE must meet at least four times each year. This bill provides that the BPE is responsible for accrediting a postsecondary credit bearing proprietary educational institution. It also provides that the CHE is responsible for providing staff and office space for the BPE.

The bill specifies that the CHE is to determine the maximum Higher Education Award and Freedom of Choice Award, subject to approval by the Budget Agency with review of the Budget Committee. It requires the CHE to submit annual Higher Education Award reports to the Budget Committee.

The bill provides that the State Workforce Innovation Council is responsible for accrediting postsecondary proprietary educational institutions that are non credit bearing. It establishes the Office for Career and Technical Schools within the State Workforce Innovation Council. The bill also provides that the market research of a postsecondary credit bearing proprietary educational institution may not be considered or required by the BPE as a condition for accrediting or renewing the accreditation of or for approval of the programs of a postsecondary credit bearing proprietary educational institution. It transfers proceedings pending before the Indiana Commission on Proprietary Education on July 1, 2012, to the BPE for a proceeding pertaining to a postsecondary credit bearing proprietary educational institution or to the state workforce innovation council if the proceeding pertains to a postsecondary proprietary educational institution.

The bill requires the Auditor of State to transfer \$300,000 of the balance of the Career College Student Assurance Fund to the Career College Student Assurance Fund administered by the BPE. It requires the State Auditor to transfer the balance of the Current Career College Student Assurance Fund to the Student Assurance Fund Administered by the State Workforce Innovation Council.

The bill requests the Legislative Council to assign issues relating to the accreditation of proprietary institutions to an appropriate study committee.

The bill repeals: (1) provisions relating to establishment and administration of SSAC; (2) provisions relating to establishment and administration of COPE; (3) certain provisions requiring the CHE to provide SSAC information to implement the minority teacher or nursing scholarship program; and (4) definitions relating to SSAC or COPE.

The bill adds transitional provisions. It also makes conforming and technical amendments.

Effective Date: Upon passage; July 1, 2012.

Explanation of State Expenditures: (Revised) The bill transfers all the real and personal property, powers, duties, assets, liabilities, and appropriations to the new authorities designated under this consolidation. CHE is to provide BPE with staff and office space. BPE may also report to the Legislative Council regarding the transition of responsibilities from COPE to BPE and may make recommendations for possible changes. The CHE, BPE, and the State Workforce Innovation Council would be able to perform the current duties of SSAC and COPE within the current level of appropriations for SSAC and COPE.

The bill creates two new funds. The Career College Student Assurance Fund is administered by BPE and the Student Assurance Fund is administered by the State Workforce Innovation Council. The bill would transfer \$300,000 from the existing Career College Student Assurance Fund to the Career College Student Assurance Fund administered by BPE with the remain balance being transferred to the Student Assurance Fund. As of February 16, 2012, the Career College Student Assurance Fund had a balance of about \$890,762. Currently proprietary schools make contributions into the Career College Student Assurance Fund until the fund balance is \$1 M. The bill would require contributions into the new funds until the balance was \$1 M in the respective funds.

The bill also creates the Proprietary Education Institution Accreditation Fund to be administered by the State Workforce Innovation Council. The fund would not revert to the general fund at the end of a state fiscal year. Various accreditation fees that currently go into the State General Fund would go into the new fund. For FY 2011, the General Fund received \$152,860 in accreditation fees from the Commission on Proprietary Education.

(Revised) The requirements that CHE determine the maximum Higher Education Award and Freedom of Choice Award and submit annual Higher Education Award reports to the Budget Committee can be done within CHE's appropriation.

Background:

Agency	2013 Appropriation
Commission for Higher Education	\$1,255,225
State Student Assistance Commission	\$912,336
21 st Century Administration	\$1,892,383
Freedom of Choice Grants	\$53,369,953
Higher Education Award Program	\$156,520,749
Nursing Scholarship Program	\$337,179
Tuition and Fee Exemption for Children of Veterans and Public Safety Officers	\$26,619,114
Part-Time Student Grant Distribution	\$7,851,835
Contract for Instructional-Opportunities for Southeastern Indiana	\$207,000
Minority Teacher Scholarship Fund	\$415,919
College Work Study Program	\$837,719
21 st Century Scholars Awards	\$29,109,298
National Guard Scholarship	\$2,806,588
Total	\$280,880,073
Commission on Proprietary Education	\$273,550

Currently, SSAC has 23 employees, CHE has 12 employees, and COPE has 5 employees.

SSAC receives approximately 459,000 financial aid applications annually and provides about \$277 M in financial aid to about 74,000 students.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Student Assistance Commission, Commission on Proprietary Education, Commission for Higher Education, State Workforce Innovation Council.

Local Agencies Affected:

Information Sources: State Student Assistance Commission *2009-2010 Annual Report*, <http://www.in.gov/ssaci/2394.htm>; Commission for Higher Education, Jason Dudlich.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.